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FYI

ADDA

12 SEP
1985

DDA

*Note last sentence of
para 3, 11*

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*five million
while we have to go
to HIRSC/SSCI for approval
to use!*

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65-0744/11

30-13

ROUTING AND TRANSMITTAL SLIP		Date
		12 SEPT 1985
TO: (Name, office symbol, room number, building, Agency/Post)		Initials Date
1. DIRECTOR OF FINANCE		
2.		
3.		
4.		
5.		
Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

PLEASE PREPARE MEMO TO DCI AND REGULATION
TO BE PROMULGATED.

SUSPENSE: 25 SEPTEMBER 1985

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM	Room No.—Bldg.
	Phone No.
8041	FORM 41 (Rev. 7-76)

U.S.G.P.O.: 1963 - 421-529/320 FPMR (41 CFR) 101-11.206

STAT

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ADMINISTRATIVE - INTERNAL USE ONLY

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Executive Director

FROM: Harry E. Fitzwater
Deputy Director for Administration

SUBJECT: Establishment of Flat Rate Per Diem System
for Domestic TDY Travel

1. Action Requested: Your approval to promulgate a regulation which will establish a flat rate per diem system for domestic TDY travel performed by Office of Logistics personnel, for a six month period, on a trial basis. This system would be based upon an Air Force flat rate per diem concept which provides for payment of a locality-based flat rate per diem allowance for official domestic travel and eliminates the current actual expense method of reimbursement. The regulation would provide that if the new system is successful, the Agency may adopt the program on a permanent basis. If not, the Agency may then experiment with other alternatives.

2. Background: At this time, the Agency uses three different methods to compute subsistence allowances for domestic TDY travel (High Rate Geographic Areas/Actual Subsistence; Lodgings Plus; and Mixed Mode). It does so in order to comply with legislative requirements and travel regulations administered by the General Services Administration (GSA). The difficulty with the current high rate area concept and its statutory requirement for an actual expense method of reimbursement is that it requires detailed itemization of each day's expenses with lodging costs supported by receipts. Preparing, reviewing, and auditing actual expense travel vouchers is administratively costly, time consuming, and burdensome.

In September 1983, GSA proposed to Congress that a flat rate per diem system be adopted for travel in the United States. At that time, it was GSA's estimate that the increased cost impact on travel funds would be more than offset by the advantages of the system and the administrative cost savings resulting from the simplified and less complicated reimbursement system. This proposed bill was not enacted.

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Congress, however, did authorize, in the DOD Authorization Bill for 1985, the Air Force, Defense Contract Audit Agency (DCAA), and Defense Logistics Agency (DLA), to run a two-year test of the concept starting in February 1984. Although no test results have been published, we understand that all strongly endorse continuing the flat rate concept.

Surveys conducted by the Agency's Office of Finance and Central Travel Services indicate that adoption by the Agency of a flat rate per diem concept will result in additional travel costs of approximately ten percent over those presently being incurred. To take these surveys into account, it is proposed that the flat rate per diem rates for the high rate areas be derived by reducing the current maximum rates for high rate geographical areas published by GSA by ten percent and rounding the resulting figure up to the nearest dollar. No reduction would be made to the \$50.00 CONUS per diem rate that applies to all areas not classified as high rate areas.

During this trial period, Office of Logistics travelers will be required to elect either actual subsistence accounting or flat rate per diem payment as the basis for their travel entitlements. This election will be required to be made prior to beginning the travel and reflected on the appropriate travel order. Benefits can accrue from the flat rate concept, not the least of which would be to enhance employee morale. Faster processing of the accountings with less audit time are other benefits. The proposal to limit the flat rate application to Office of Logistics travelers for a six month trial period, with an interim review at the end of three months, will provide a statistical background of actual travel experience and an indication of employee preference for the concepts involved. Further, this reduced flat rate procedure will not cost the Agency any additional funds. The trial period and interim review will serve as the basis for a future recommendation for the expansion or termination of the flat rate per diem system.

3. Legal Requirements: The above program can be legally implemented through procedures set forth in Section 4(b) of the CIA Act of 1949. In the case of domestic travel and transportation, the Agency is generally bound by Chapter 57, Title 5, U.S. Code and the Federal Travel Regulations which currently do not provide for flat rate per diem for domestic TDY travel. The Agency's expenditure authority under Section 8 of the CIA Act of 1949 is not generally a source of authority to expend funds for ordinary domestic travel. However, Section 4(b) of the CIA Act does provide an independent source of statutory expenditure authority for domestic travel where necessary to meet the special requirements of work related to

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intelligence activities or in order to reflect Agency requirements not taken into account in the formulation of Government-wide travel procedures. I believe that the flat rate per diem system meets the statutory standard required by Section 4. However, this authority may only be exercised in accordance with regulations prescribed by the Director where such regulations have been submitted to HPSCI and SSCI.

4. Recommendation: That you approve the promulgation of a regulation and submission of said regulation to the oversight committees which will provide for the adoption of a flat rate per diem system for the Office of Logistics on a six month trial basis as outlined above, and, if the experiment is successful, adopt the new system on a permanent basis, or experiment with other alternatives.

Harry E. Fitzwater

CONCUR:

General Counsel

Date

Director, Office of Legislative
Liaison

Date

Executive Director

Date

Deputy Director of Central
Intelligence

Date

APPROVED:

Director of Central Intelligence

Date

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*Chen***ROUTING AND RECORD SHEET**

SUBJECT: (Optional)

Flat Rate Per Diem

FROM:

Allen R. Elkins
D/OF
1212 Key Bldg.

EXTENSION

NO.

DATE

08 August 1985

STAT

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DDA
7D18 Hqs.

STAT

Attached is a paper for your signature to the DDCI recommending his approval to implement flat rate per diem in OL on a 6-month trial basis. The paper makes clear that no additional travel costs will be incurred and that the traveler must elect either flat rate or actual subsistence prior to travel. OL will not have to calculate differing entitlements. We've also allowed for an interim 90 day review which can be the basis for either terminating or expanding the program at that time depending upon results of the review.

If you have any questions, please give me a call.

STAT

Allen R. Elkins

ROUTING AND RECORD SHEET				
SUBJECT: (Optional)				
FROM:		EXTENSION	NO	
Harry E. Fitzwater Deputy Director for Administration 7D24 Headquarters			DATE 8 August 1985	
TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
1. Executive Registry 7E12 Hqs.				
2.				
3. General Counsel <div style="border: 1px solid black; height: 20px; width: 150px;"></div>				
4.				
5. Executive Director 7E12 Hqs.				
6.				
7. DDCI 7E12 Hqs.				
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9. DCI 7E12 Hqs.				
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